

## SALES BY CLASS AND SIZE

**SECTION 1 - Route One** The vacancy rate is 18.69%, basically down one half percent from same time last year. Rents have lowered in this sector by 5-10%, depending on the building.

**SECTION 2 - Downtown Princeton - Unique office market.**

Companies are Venture Capitalists, Hedge Fund Investors, smaller law firms and Princeton University. Construction is limited to tearing down buildings or renovating existing structures. Sales prices surpassed \$450 per square foot with cap rates of 6-7%. The vacancy rate has risen to 9%, with rents showing an average from \$20-42 per square foot.

**SECTION 3 - Route 206 - Localized office market to the northwest of Princeton.**

This market is affected by high traffic on route 206, a single lane, north/south road. The vacancy also lowered due to Johnson & Johnson leasing over 150,000 sq ft. and 50,000 sq ft. in the first half of the year, at 23 Orchard Rd.

**SECTION 4 - Ewing, Lawrenceville:**

The vacancy rate has risen moderately, to 23.64%, due to subleasing increasing in The Princeton Pike Corporate Center. The recent acquisition of 195 Corporate Center creates an energetic new owner that will be motivated to lease space at aggressive rents.

**SECTION 5 - Cranbury:**

This market is experiencing lowering rents, as the vacancy remains elevated for the last two years. The vacancy rate is approximately 32%, with most of this vacancy in space caused by the lab market. A notable event is the lease up of 1249 Cranbury S. River Road, finishing a 100,000 square foot speculative building delivered in 2007. Overall access to the NJ turnpike offers companies excellent recruitment for employees from as far away as New York or South Jersey. Biotech companies, associations, sales offices, medical practices and/or company headquarters will benefit from this location.

**SECTION 6 - Southern Hamilton**

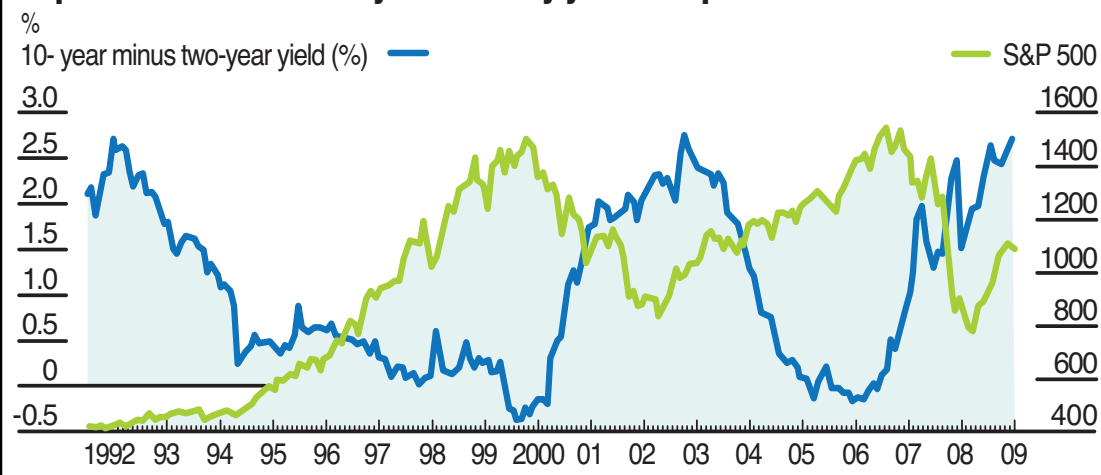
Vacancy rates increased to 19.50% due to new construction, with Opus finishing 120,000 sq ft. of new speculative office space, and then handing the keys back to the bank.

2007			2008			2009		
CLASS A								
Property	Square Feet	Price/SF	Property	Square Feet	Price/SF	Property	Square Feet	Price/SF
Scudder Mills Rd	830,000	\$140.00	Longford Corp Center	3,100	\$200.00	Campus Drive Plainsboro	140,000	\$308.00
301 Carnegie	135,000	\$230.00	4250 Route One	14,500	\$210.00	33 West State & 50 East State	473,650	\$179.45
			693 Alexander	49,650	\$170.00	80-84 Nassau Street	14,196	\$479.00
CLASS B								
Yorkshire Corporate Center	8,000	\$202.00						
Longford Corporate Center	6,000	\$198.00						
339 Princeton-Hightstown Rd	11,000	\$195.00						
209 Carter Road	32,321	\$188.00						
CLASS C								
107 Morgan Lane	37,800	\$159.00	80 W. Upper Ferry Rd	27,000	\$107.00	1675 Whitehorse Mercerville Rd	15,000	\$94.00
29 Emmons	70,985	\$183.00	1931 Brunswick Pike	3,800	\$155.00	One Crossroads	20,000	\$56.75
2245 Route 130	58,000	\$62.00	1530 Brunswick Pike	6,000	\$72.50	North Gold Drive	8,000	\$166.00
			12 Roszel Road	1,450	\$165.00			

Sales of office buildings started in the beginning of 2009, but halted in February and stagnated through to September, leaving five months of limited sales activity. This moment was furthered by the lack of capital available to lend into commercial real estate. The difference of values is wide as certain markets continue to hold value and in some cases increase, such as Downtown Princeton recent sale of 80-84 Nassau Street for \$6,800,000 or \$479 per square foot with a capitalization rate of 6%. The recent sale of Campus Drive for \$308 per square foot had a 7.87% capitalization rate with Novo Nordisk leasing the building for the next twelve years.

Companies are purchasing real estate to house their facilities with the recent acquisition of One Crossroads (20,000 SF) and 117 North Gold Drive. These two single story buildings have diverse values, but are in the same size range. One Crossroads had 12,000 square feet of warehouse space (5,000 SF office) sold for \$57 per square foot while 117 North Gold had 95% office space and was built three years ago, and sold for \$156 per square foot. This leads to a mixed market where if there is risk or functional obsolescence, then the seller will be forced to make the adjustment downward to accommodate the seller and appraiser. While buildings, with long term leases are in impeccable condition or are in markets which are insulated from general economic surveys, will maintain their value.

**Gap between two- and 10-year Treasury yields eclipses record**



*Jobs reports data yields higher sales of commercial real estate produces minimal results of values in 2009. Same for 2010 as possible increases in interest rates may keep values down.*